

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6735**

**BILL NUMBER:** SB 306

**NOTE PREPARED:** Jan 6, 2009

**BILL AMENDED:**

**SUBJECT:** Competitive Bids for Prescribed Drugs under Medicaid Program.

**FIRST AUTHOR:** Sen. Miller

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill allows the Office of Medicaid Policy and Planning to seek competitive bids for prescribed drugs and services provided under the Medicaid program. (Current law permits competitive bids for prescribed drugs and services under the Medicaid program only for state-operated institutions).

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** The fiscal impact of this bill would depend on actions taken by the Office of Medicaid policy and Planning and the extent to which competitive bidding for prescribed drugs or services might result in cost savings to the Medicaid program. Potentially, state and federal savings could be extended to the Children's Health Insurance Program (CHIP) as well.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 63% by the federal government, while the state share is about 37%. Funding for administrative services is generally shared 50/50.

CHIP is jointly funded by the state and federal governments. The state share of medical expenditures is approximately 26%. CHIP medical services are matched by the federal match rate (FMAP) in Indiana at approximately 74%. Administrative expenditures are generally matched at 50%. The state share of CHIP has been appropriated from the Tobacco Master Settlement Agreement Fund since the program's inception.

**Explanation of State Revenues:** See *Explanation of State Expenditures*.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning, Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Kathy Norris, 317-234-1360.